

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – AUGUST 31, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Steven Slovenski, Legal Counsel; Eddie Edwards, Chief of Enforcement; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrative Services. Guests: Al Picconi, Southern Wine & Spirits of N.E., Inc.; Michael Goclawski, Law Warehouses.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending August 28, 2005 show an increase of about 2.7% or \$225,914 for the weekly comparison, and an increase of almost 4.8% or \$3,012,704 year-to-date.

B. Budget/Administrative Reports:

The Commission has seven items on the Governor and Council agenda for this morning – five are contracts and two are requests to accept tri-state lottery monies to be paid to employees at the winning stores.

Last Thursday Craig, Howard and Evie attended a video training session at HHS which focused on using video teleconferencing for training purposes. We are looking at various alternatives for performing mandatory training requirements to all Commission employees. This method has possibilities because it could reduce travel and training costs overall. We will continue to review viable options for conducting commission-wide training.

The W-6 Expense Budget Activity Variance Report for the week ending August 30, 2005 shows the year is at about 16.7% expended, with total agency expenditures at around 16%. \$297K was removed from our FY06 budget as part of the biennial budget footnote, which called for a 10% reduction to several operating budget accounts. In addition, the rise in fuel prices will make the situation worse. George is working on an exception request. The utilities category is being closely monitored, and seems to be holding at this time.

A copy was given to each Commissioner of a letter received from Don Hill which requires him to approve indirect cost proposals. George hopes to have

something ready shortly for the Commission to review to be sent over to Administrative Services.

2. IT Report

The IP address changes are now completed; however, there have been a few problems.

Howard has been in conference with other IT personnel concerning network changes, including training procedures.

3. Human Resources Report

Evie reported that the Governor has issued a proclamation in regards to veterans' hiring preferences.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 8/28/05 increased by 3.62% or \$240,222.17. Sales continue to rise at the new Keene location, and the Swanzey store is not losing any business.

Store #10 Manchester opened last Friday in its new location in the shopping plaza. The back parking lot was paved yesterday, and construction continues in that area. Work there will probably continue until the middle of next month.

The new Glen store should be ready for occupancy by next week. The shelving has arrived and will be installed shortly.

A letter of proposal for a possible new store location in Campton has been sent to the landlord for review.

Commissioner Maiola reported that the Cricenti market has been vacated, and that the Lake Sunapee Bank is looking into purchasing this property.

2. Purchasing Report: No report given.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Alexander Grappa Grappolo):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Martignetti Companies of N.H./Distilleria Bottega for a new test market listing for Alexander Grappa Grappolo, 375ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Calvados Boulard XO):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Martignetti Companies of N.H./Pierre Boulard for a new test market listing for Calvados Boulard XO, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Cognac Frappin Chateau Fontpinot XO):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Chateau Fontpinot for a new test market listing for Cognac Frappin Chateau Fontpinot XO, 375ML size (assigned new Code #4523), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (Camaya Coffee Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Martignetti Companies of N.H./Dock & Lord, Ltd. for a new test market listing for Camaya Coffee Liqueur, 1.75L size. The motion was unanimously adopted.

e. Test Market Result (Code #4531):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant specialty item status to Code #4531, Navan Liqueur, 750ML size, which achieved the gross profit required for specialty item consideration at the conclusion of a

six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Product Demo Requests:

a. Crown Royal International Race of Champions:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of New England, Inc./Diageo North America, to conduct on-site store promotions featuring the Crown Royal International Race of Champions race car at four store locations from September 14 through 17, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Goslings Rum:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of New England, Inc./MHW, Ltd. to conduct demonstrations and rum cake tastings featuring Goslings Rum at four store locations from October 7 through 16, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Revised Nov. Wine Sale & Keep Dec. Wine Sale as Passed:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission reverse the former decision to conduct a November category wine sale and approve the December wine sale as previously passed, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was passed on a two to one vote, with Commissioner Maiola opposed.

2) Appeal on Delist of Second Sizes:

a. Codes #24779 (Martignetti Cos. of N.H.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an appeal from Martignetti

Companies of N.H./Palm Bay Imports asking for reconsideration of the delisting of Code #24781, Straccali Chianti Straw Basket, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Codes #8978 & #42014 (Horizon Beverage Co.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant an appeal from Horizon Beverage Company/Banfi Vintners asking for reconsideration of the delisting of Code #8978, Riunite Lambrusco, 3L size, but deny an appeal regarding the delisting of Code #42014, Concha Y Toro Chardonnay, 750ML size, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Purchase & Introduction 3 Blind Moose:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table an offer from Pine State Trading Company for the purchase and introduction of 3 Blind Moose wines during October and November 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, pending further discussion. The motion was unanimously adopted.

4) Domaine Chandon Still Varietal Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Southern Wine & Spirits of New England, Inc./Moet Hennessy USA to test market three varietal wines from Domaine Chandon by placing a three absolute in each Cluster 1 store, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Winebow Imports Test Items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Nicole Brassard, Wine Marketing Specialist, to remove a request from Southern Wine & Spirits of New England, Inc. to test six Italian wines from Winebow Imports from the agenda, to be referred back to the Marketing Department. The motion was unanimously adopted.

6) Special Wine Promotion & Test:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of New England, Inc./Elite Imports to test seven wine items from Elite Imports during October, November and December 2005 by placing a three absolute in each Cluster 1 stores and Stores #49 Plaistow and #60 West Lebanon, and including wine tastings in four stores on October 7, 2005 requested in promotion of these products, but deny the inclusion of three additional wine products in the test. The motion was unanimously adopted.

7) Primary Source Submissions (9 primary source; 8 exclusive agent; 32 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of nine (9) wine items which are from primary source, eight (8) wine items which are offered by the exclusive marketing agent, and thirty-two (32) wine items which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated August 25 through August 31, 2005. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of September 2005. The motion was unanimously adopted.

3. Late Items/Other:

Nicole Brassard distributed the results of the summer promotion programs conducted during the 2005 summer season.

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Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

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